

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /100 W

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R 091716Z SEP 76

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 7036

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E.O. 11652: N/A

TAGS: ENRG, EINV, GR

SUBJECT: INCREASED PRIVATE PARTICIPATION IN STATE ENTERPRISES

1. ATTRIBUTING THE INFORMATION TO THE SECRETARIAT OF ENERGY, LA OPINION OF SEPT 8 ANNOUNCED THAT STATE-OWNED COAL COMPANY YACIMIENTOS CARBONIFEROS FISCALES (YCF) WILL BE REORGANIZED BEFORE THE END OF THE YEAR INTO A CORPORATION WITH BOTH STATE AND PRIVATE CAPITAL PARTICIPATION.

THE NEW COMPANY WILL BE NAMED SOCIEDAD JSANONIMA MIXTA CARBON ARGENTINO (SAMCA) AND A PORTION OF ITS SHARES WILL BE SOLD TO THE PUBLIC THROUGH THE BUENOS AIRS STOCK EXCHANGE.

2. SECRETARY OF FINANCE ALEMAN ON SEPT 8 CONFIRMED PUBLICLY THAT THE "PRIVATIZATION" OF STATE ENTERPRISES WOULD BEGIN SHORTLY WITH THE OBJECTIVE OF ELIMINATING UNNECESSARY SUBSIDIES AND CREATING NEW SOURCES OF REVENUE FOR THE GOVERNMENT.

3. COMMENT: THE GOA'S METHOD OF INCREASING PRIVATE PARTICIPATION IN YCF CONTRASTS WITH THAT PROPOSED

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FOR THE PETROLEUM INDUSTRY WHICH IS DOMINATED BY

THE STATE-OWNED YACIMIENTOS PETROLIFEROS FISCALES (YPF). IN THE LATTER CASE, THE GOA HAS ANNOUNCED THAT YPF WILL BE ALSO REORGANIZED INTO A CORPORATION BUT THAT THERE WILL BE NO DIRECT PRIVATE OWNERSHIP IN THE COMPANY ITSELF. INSTEAD, PRIVATE PARTICIPATION IN THE INDUSTRY WOULD BE ENCOURAGED, PRIMARILY THROUGH SERVICE CONTRACTS OR JOINT VENTURES WITH YPF. THE DIFFERENCE IN APPROACH MAY REFLECT A GREATER DEGREE OF STATIST SENTIMENT WITHIN YPF AND/OR ANTICIPATED DIFFICULTY IN SELLING YPF SHARES TO THE PUBLIC IN THE WAKE OF STRONG STATEMENTS BY SECRETARY ALEMANN CONDEMNING YPF'S INEFFICIENCY.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
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**Current Classification:** UNCLASSIFIED  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ShawDG  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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